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# The AAA PLAN for BURLEY TOBACCO

## WHY THE PROGRAM FOR TOBACCO?

So that tobacco growers can cooperate  
to keep price and income from  
Burley at fair levels



## HOW FARMERS MAKE PROGRAM WORK

1. Adjust acreage so as to keep tobacco production in line with demand.
2. Protect their program and income by the use of marketing quotas.
3. Use soil-building practices to improve their farms.

Commodity Information Series

U. S. DEPARTMENT OF AGRICULTURE  
Agricultural Adjustment Administration

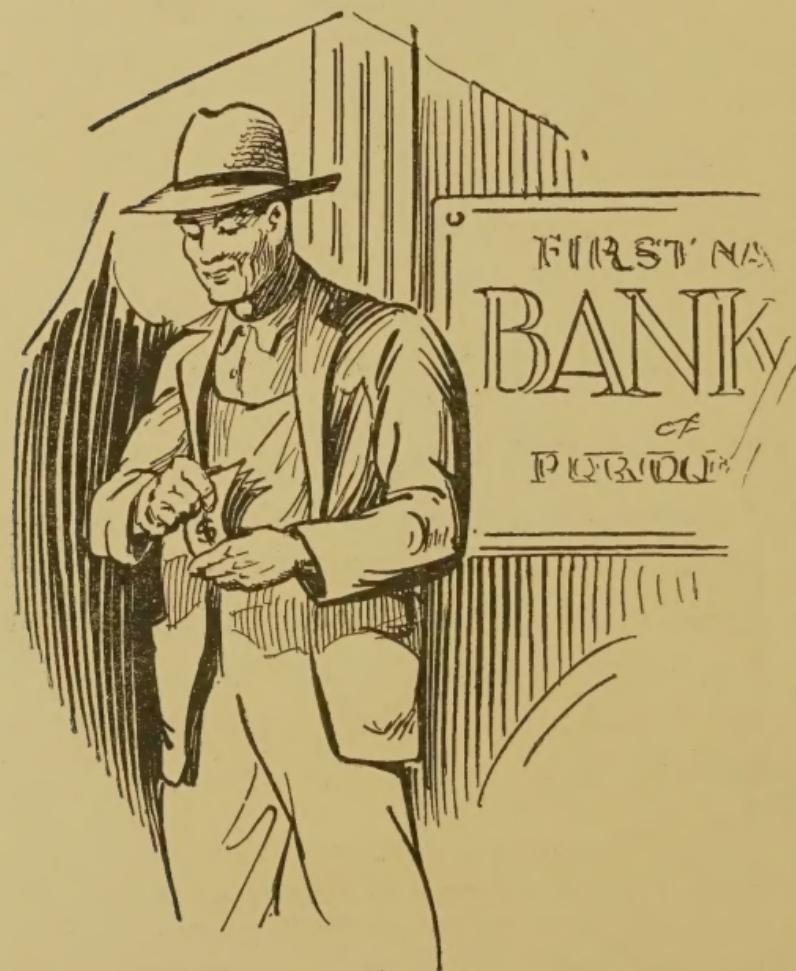
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# How Program Can Help

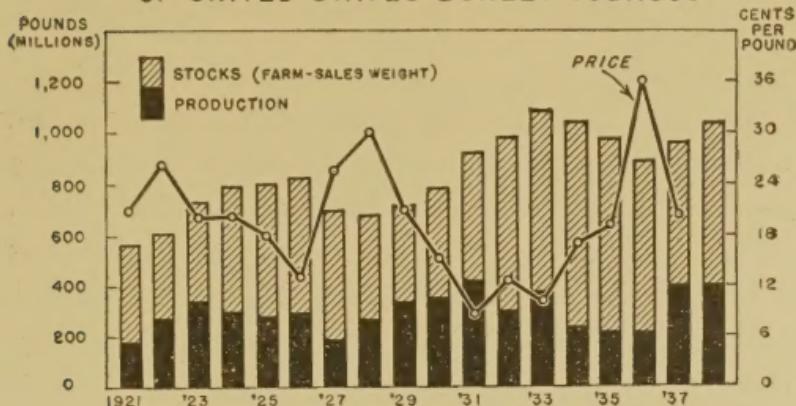
The Agricultural Adjustment Act of 1938 gives Burley tobacco producers an opportunity to work together in leveling out ups and downs in supplies and prices of Burley tobacco.

Burley tobacco farmers can market as much tobacco—and at a higher price level—over a period of years with the AAA Program in effect as they could without the Program. Without the Program, years of heavy production would be followed by years of small crops because growing tobacco would not be profitable to the average producer.

With a program, marketings can be stabilized in line with demand, and thus maintain favorable prices for tobacco.



### TOTAL PRODUCTION, STOCKS, AND PRICES OF UNITED STATES BURLEY TOBACCO



## The Need For A Program

Producers of Burley tobacco are in a position to produce more than 500 million pounds of Burley a year.

Consumption of this tobacco is around 340 million pounds annually.

Excessive supplies bring low prices and small incomes to growers.

Burley stocks October 1, 1938, were about 660 million pounds, or around 90 million pounds larger than a year earlier. Stocks next October are expected to show a further increase.

Continued production above consumption would mean lower prices than in the past 4 years and destroy gains in farm income that have been made.

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Adjust Acreage.

Help Farmers.

# Adjusting Acreage

Burley tobacco producers can adjust acreage by planting within their Burley acreage allotment.

Farm acreage allotments are determined on the basis of past acreage and cropping practices, together with the land, labor, and equipment on the farm.

Producers who plant within their allotments are eligible to receive payments for cooperating.

The farmer decides whether or not he wants to stay within his acreage allotment.

Soil conservation is encouraged on land diverted from Burley tobacco.

Full benefit payments are possible only if cooperating farmers plant within their acreage allotments and follow soil-building practices necessary to reach soil-building goal.





# Protection Under Marketing Quotas

The Farm Act provides marketing quotas to protect farmers from burdensome surpluses which make prices slump.

Marketing quotas are in effect only when the supply is 5 percent or more above the normal supply. Operation of quotas is subject to approval of two-thirds of the producers who vote in a referendum.

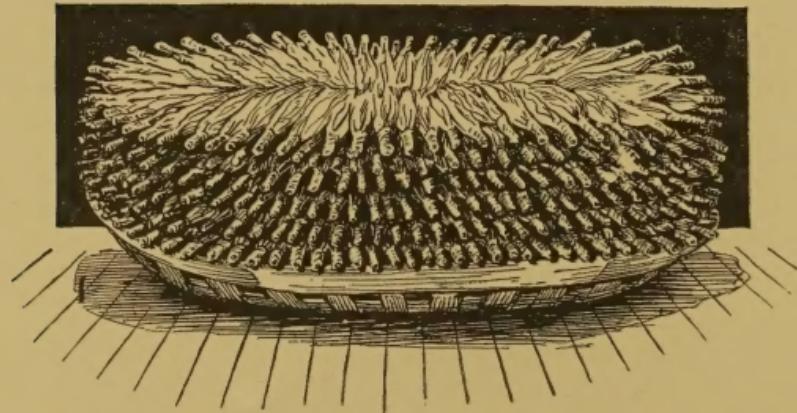
When in effect, quotas apply to every producer of Burley tobacco.

The penalty for marketing more than the individual farm quota would be 3 cents per pound or 50 percent of the sale price, whichever is higher.

If all farmers plant within their acreage allotments, marketing quotas would not be necessary in most years. But when plantings and yields push supply up over the marketing quota level, farmers would fare better with marketing quotas in effect than they would with uncontrolled marketings.

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Keep price and income at fair levels.



## Salient Facts

Burley tobacco farmers have received an average price per pound of 23 cents for tobacco marketed under AAA Programs, 1934-1937. This has been possible in spite of the fact that when the Program was started excess supplies of Burley were equal to a full year's consumption.

Income from the 1937 crop—the fourth marketed under AAA Programs—was 81 million dollars, the third highest annual income on record.

Although the consumption of Burley tobacco has been upward in recent years, all available data indicate that income would have been much lower in the last 4 years if AAA Programs had not been in effect or in prospect, and that prices of Burley probably would be low because of excessive stocks.

A crop in 1939 which would increase the carry-over by any substantial amount is almost certain to result in lower prices.

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Balance production and marketing  
with demand.

